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OCTOBER 15, 2003

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**DeNUCCI CITES NEED FOR IMPROVEMENTS  
IN FINANCIAL MANAGEMENT AT ABCC**

State Auditor Joe DeNucci, in an audit released today, called on the state Alcoholic Beverages Control Commission (ABCC) to strengthen its internal financial controls and improve its policies and procedures for handling investigations.

DeNucci's audit cited the ABCC for failing to have a documented internal control plan and risk assessment as required by Chapter 647, the state's Internal Controls Law. Without such a plan, management cannot provide assurance that the ABCC's goals and objectives are being met or that its resources are being safeguarded.

In addition, the audit called on the ABCC to develop documented written policies and procedures for reviewing and processing complaints and handling investigations. DeNucci said that without the necessary rules and guidelines, the agency lacks assurance that it is managing and monitoring its oversight responsibilities consistently and effectively.

In the audit, DeNucci also called on the ABCC to deposit its revenues on a daily basis as required by state law. The audit found that even during peak license renewal periods in November and December, the agency makes deposits only three times a week, and makes weekly deposits at other times. DeNucci also cited the need for improvements over reconciliations of ABCC's financial activities with the state's central accounting system.

DeNucci's audit further called for stronger controls over the 10,000 non-retail licenses that the ABCC issues each year to manufacturers, wholesalers, importers, out-of-state suppliers and other businesses that transport alcoholic beverages through Massachusetts. The audit disclosed weaknesses in the ABCC's inventory, preparation and distribution of non-retail licenses, permits and certificates of compliance. Stronger controls are needed to minimize the risk of fraudulent or unauthorized licenses being issued, the audit stated.

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“The ABCC oversees the issuance of 22,000 liquor licenses in the Commonwealth and collects more than \$1.8 million in revenue per year,” said DeNucci. “Therefore, the commission has a responsibility to establish adequate controls over all aspects of its financial and investigatory operations to ensure that its revenues are being protected and its mission is being accomplished.”

In response, State Treasurer Timothy P. Cahill, whose office assumed responsibility for the ABCC in July, indicated that the concerns raised in DeNucci’s audit will be addressed, and that some corrective action has already begun to be implemented.